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**SENATE COMMITTEE ON  
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT**  
Senator Angelique Ashby, Chair  
2025 - 2026 Regular

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**Bill No:** AB 1175  
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**Urgency:** No  
**Consultant:** Elissa Silva

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**Fiscal:** Yes

**Subject:** Accountants

**SUMMARY:** Revises the education and experience requirements for an applicant for a certified public accountant (CPA) license and revises the practice privilege requirements to allow an out-of-state licensed CPA with a current and active to practice in California without a need to determine substantial equivalency, as specified.

**Existing law:**

- 1) Establishes the California Board of Accountancy (CBA or Board) within the Department of Consumer Affairs (DCA) to implement and enforce the California Accountancy Act (Act). (Business and Professions Code (BPC) §§ 5000 *et seq.*)
- 2) Prohibits a person from engaging in the practice of public accountancy in this state unless the person holds a valid permit to practice public accountancy issued by the board or is authorized under a practice privilege, as specified. (BPC § 5050(a))
- 3) States that a person practices public accountancy within the accountancy Act if they do any of the following:
  - a) Hold themselves out to the public in any manner as one skilled in the knowledge, science, and practice of accounting, and as qualified and ready to render professional service as a public accountant for compensation.
  - b) Maintain an office for the transaction of business as a public accountant.
  - c) Offer to prospective clients to perform for compensation, or performs on behalf of clients for compensation, professional services that involve or require an audit, examination, verification, investigation, certification, presentation, or review of financial transactions and accounting records.
  - d) Prepare or certify for clients reports on audits or examinations of books or records of account, balance sheets, and other financial, accounting and related schedules, exhibits, statements, or reports used for publication, for purposes of obtaining credit, for filing with a court of law or with any governmental agency, or for any other purpose.
  - e) In general or as an incident to that work, render professional services to clients for compensation in any or all matters relating to accounting procedure and to the

recording, presentation, or certification of financial information or data.

- f) Keep books, make trial balances, prepare statements, make audits, or prepare reports, all as a part of bookkeeping operations for clients.
  - g) Prepare or sign, as the tax preparer, tax returns for clients.
  - h) Prepare personal financial or investment plans or provide to clients products or services of others in implementation of personal financial or investment plans.
  - i) Prepare management consulting services to clients. (BPC § 5051)
- 4) Requires the Board to issue a CPA license to any person who meets the requirements, has not committed acts or crimes constituting grounds for denial of a license, and files an application for licensure on a form provided by the Board. (BPC § 5080)
  - 5) Requires an applicant for a CPA license to have successfully passed an examination on subjects the Board deems appropriate, and in the form and manner that the Board deems appropriate, and authorizes the Board to prescribe the methods for applying for and conducting the examination, including methods for grading and determining a passing grade through regulation. (BPC § 5082)
  - 6) Authorizes the Board to issue a CPA license to any applicant who is a holder of a current, active, and unrestricted CPA license issued under the laws of any state, if the Board determines that the standards under which the applicant received the license are substantially equivalent to the standards of education, examination, and experience established under the California Accountancy Act (Act) and the applicant has not committed acts or crimes constituting grounds for denial. (BPC § 5087)
  - 7) Authorizes any individual who is the holder of a current and valid license as a CPA issued under the laws of any state and who applies to the Board for a license as a CPA to, until the time the application for a license is granted or denied, practice public accountancy in this state only under a practice privilege, except that the individual is not disqualified from a practice privilege during the period the application is pending by virtue of maintaining an office or principal place of business, or both, in this state. The Board may by regulation provide for exemption, credit, or proration of fees to avoid duplication of fees. (BPC § 5088)
  - 8) Requires an applicant for the CPA license to comply with the education, examination, and experience requirements as set forth in the Act. (BPC § 5090)
  - 9) Repeals the following educational requirements on January 1, 2014, unless the educational requirements in ethics study and accounting study, as specified, are reduced or eliminated, at which time the educational requirements become operative again:
    - a) An applicant for the CPA license must present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, as specified, the total educational program to include a minimum of

24 semester units in accounting subjects and 24 semester units in business-related subjects.

- b) An applicant for the CPA license shall pass an examination prescribed by the Board.
  - c) The applicant shall show, to the satisfaction of the Board, that the applicant has had two years of qualifying experience, as specified. (BPC § 5092)
- 10) Requires an applicant to qualify for a CPA license to meet the following education, examination, and experience requirements and authorizes the Board to adopt regulations as necessary to implement them:
- a) An applicant for admission to the CPA examination must present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a degree-granting university, college, or other institution of learning, as specified. The applicant must have completed at least 150 semester units of college education, including a minimum of 24 semester units in accounting subjects, 24 semester units in business-related subjects, 10 units of ethics study, and 20 units of accounting study, as specified.
  - b) An applicant for the CPA license must pass an examination prescribed by the Board.
  - c) An applicant must show, to the satisfaction of the Board, that the applicant has had one year of qualifying experience, as specified. The Board may, by regulation, allow experience in academia to be qualifying. (BPC § 5093(a–d))
- 11) Specifies that applicants completing education at a college or university in another state be deemed to meet the education requirements for a CPA license if the Board determines that the education is substantially equivalent to the education standards in this state. (BPC § 5093(e))
- 12) Authorizes the Board to admit an applicant to the CPA examination before the applicant completes the education requirements if the applicant is enrolled in a degree-granting university, college, or other institution of learning and is within 180 days of completing the educational requirements. Within 240 days of submitting an application, the applicant must provide the Board with satisfactory evidence that they have completed the educational requirements. (BPC § 5093.5)
- 13) Requires, at a minimum, an applicant's education to be from an accredited degree-granting university, college, or other institution of learning, as specified. (BPC § 5094(b))
- 14) Requires an applicant for licensure as a CPA to complete 10 semester units or 15 quarter units of ethics study, including the following:
- a) A minimum of three semester units or four quarter units in courses at an upper division level or higher devoted to accounting ethics, accountants' professional responsibilities, auditing, or fraud unless the course was completed at a

community college, in which case it need not be completed at the upper division level or higher.

- b) A maximum of 7 semester units or 11 quarter units in the following subjects: business, government, and society; business law; corporate governance; corporate social responsibility; ethics; fraud; human resources management; business leadership; legal environment of business; management of organizations; morals; organizational behavior; professional responsibilities; or auditing.
- c) A maximum of three semester units or four-quarter units in courses taken in philosophy, religion, or theology, as specified.
- d) A maximum of one semester unit of ethics study for completion of a course specific to financial statement audits.(BPC § 5094.3)

**This bill:**

- 1) Defines “comparable licensure requirements” to mean another state requires passage of the examination, as specified, and has education and experience requirements, when considered collectively, that meet or exceed the standards established by the Board.
- 2) Replaces “substantially equivalent” with comparable licensure requirements as defined in 1) above.
- 3) Permits applications for the CPA examination license to be submitted electronically in addition to mail.
- 4) Deletes an obsolete section related to CPA license holders prior to enactment of the Act.
- 5) Replaces references to “valid” with “active and unrestricted.”
- 6) Repeals obsolete licensing requirements for applicants prior to January 1, 2014.
- 7) Sunsets the current licensing structure on January 1, 2029.
- 8) Establishes a new pathway for licensure as a CPA beginning January 1, 2027, and requires an applicant for admission to the CPA examination, as specified, to meet educational requirements by presenting satisfactory evidence that the applicant has completed the following:
  - a) The applicant was conferred a board-recognized baccalaureate or advanced accounting degree, and the Board may recognize accounting degrees conferred by the United States Institutions of higher education that require the completion of an accounting concentration of courses pursuant to regulations established by the Board, and requires the Board to establish by regulation and accounting concentration of courses required to be completed to satisfy the requirements;

- b) The applicant was conferred a baccalaureate or advanced degree not recognized by the Board and completed an accounting concentration of courses.
- c) The applicant is enrolled in a dual degree program at an institution of higher education that confers a baccalaureate degree, or upon conferral of a master's degree and satisfactory evidence is to include, but not be limited to, all of the following:
  - d) A statement that the applicant is enrolled and in good standing in a dual degree program at an institution of higher education that will result in the conferral of a baccalaureate degree or a master's degree;
  - e) The date the applicant completed all educational requirements for a baccalaureate degree at their enrolled institution;
  - f) Degrees to be conferred;
  - g) The applicant is enrolled at an institution of higher education and is within 180 days of completing the education requirements specified above.
  - h) Requires an applicant within 240 days of submitting an application to qualify for the examination to provide the Board with satisfactory evidence of meeting the educational requirements, and if the applicant fails to comply the applicant may lose any credit received for passage of the examination prior to completing the education credits.
- 9) Requires an applicant for a CPA license to demonstrate to the satisfaction of the Board, the completion of two-years of qualifying experience and passage of the CPA examination, as specified, beginning on January 1, 2027.
- 10) Permits the experience required in 9) above to include providing any type of service, or advice involving the use of accounting, attest compilation, management advisory, financial advisory, tax, or consulting skills and authorizes the Board to require through regulation, the completion of specified job tasks associated with minimum competencies of entry-level practice.
- 11) Allows, per the satisfaction of the Board, an advanced degree in accounting-related subjects to be substituted for one-year of experience.
- 12) Allows the Board, by regulation, to accept the completion of Board-recognized certificate or training programs as a substitute for a portion of the otherwise required amount of experience.
- 13) Clarifies that an applicant may only receive credit for experience by either completing the advanced degree or completing training programs, but not both.
- 14) Requires experience to have been performed in accordance with applicable professional standards and completed under the supervision or employ of a person licensed or certified to practice public accountancy, as specified.

- 15) Authorizes the Board to, by regulation, allow experience in academia to count towards an applicant's minimum experience.
- 16) Sunsets the current education and experience requirements an applicant for a CPA license is required to meet beginning January 1, 2029, as specified.
- 17) Makes references to colleges, universities, or other institutions of learning that provide qualifying education as "institutions of higher education."
- 18) Authorizes the Board, through regulation, to require the completion of specified job tasks associated with performing attest services.
- 19) Deletes the current requirement for an individual to have continually practiced public accountancy as a CPA in another state for at least 4 of the last 10 years, have a license, certificate, or permit from a state that the Board has determined to have substantially equivalent education, examination, and experience standards for licensure, or possess education, examination, and experience qualifications for licensure that the Board has determined to be substantially equivalent to California's qualifications for a CPA licensed in another state to engage in the practice of public accountancy in this state under a practice privilege without obtaining a certificate or license.
- 20) Includes whether the state has comparable licensure requirements when the Board is determining the factors to authorize a person to practice in California pursuant to a practice privilege.
- 21) Adds additional requirements for an out of state licensed CPA to comply with if the Board has determined the state in which the individual has their principal place of business does not have comparable licensure requirements for purposes of mobility.
- 22) Makes numerous other technical and clarifying changes, which include updating cross references and deleting obsolete and outdated provisions.

**FISCAL EFFECT:** According to the Assembly Committee on Appropriations, the Board identified minor and absorbable costs related to processing applications and responding to questions regarding the new licensure pathways.

**COMMENTS:**

1. **Purpose.** The California Board of Accountancy is the sponsor of this bill. According to the Author, "California is experiencing a shortage of accountants as the demand for CPA services outpaces the number of new CPAs entering the profession. This has placed a strain on current CPAs, their clients and the public interest. AB 1175 will create more inclusive, flexible, and affordable licensure pathways for aspiring accountants. This bill modifies educational requirements for CPA applicants and will also allow CPAs licensed in other states to practice accounting in California while maintaining high standards and strong consumer protections. This will ensure there is a steady flow of qualified accountants able to meet market demands."

## 2. Background.

*Board of Accountancy and CPA Licensure Requirements.* The Board regulates approximately 75,000 licensees, including approximately 65,000 individual CPAs. The Board issues and renews licenses of CPAs, renews licenses of public accountants (PAs), registers CPA partnerships, PA partnerships, corporations, and out-of-state accounting firms. Many of the firms regulated by the Board have national footprints and some have footprints worldwide. CPAs provide accounting services in a variety of settings including firms, private industry, government, academia, and provide services to clients of all sizes and needs. The Board is responsible for the licensure and regulation of both the individuals and businesses practicing public accounting in California. The Board investigates complaints, takes enforcement action against licensees for violations of the Act, ensures compliance with continuing education requirements, and monitors the work products of CPAs, PAs, and CPA firms to ensure adherence to professional standards. All licensed CPAs must meet the approved education, examination, and experience requirements in order to practice accountancy in California. However, depending on the practice type, the CPA may be subject to certain continuing education requirements or comply with other industry-specific accounting requirements. Depending on the type of accounting services performed, CPAs are required to meet varying industry standards with respect to auditing principals and practice.

*The Uniform Accountancy Act (UAA).* The American Institute of Certified Public Accountants (AICPA), which is the national professional association of CPAs, and the National Association of State Boards of Accountancy (NASBA), which is the national organization of state accounting regulators created a “model licensing law”. In 1984, the AICPA and NASBA published the first joint model bill, later renamed the UAA. The UAA was developed to provide a uniform approach to regulation of the accounting profession and provide state legislatures and Boards of Accountancy with a national model that can be adopted to meet the needs of each individual jurisdiction. The UAA was an attempt to align various state regulatory requirements with a more consistent education, examination and experience requirement to help facilitate parity amongst licensees across the nation to help ease cross-border practice for CPAs. In 2001, as part of the Board’s sunset review, AB 133 (Figueroa, Chapter, 718, Statutes of 2001) and AB 585 (Nation, Chapter 704, Statutes of 2001) revised the pathway to licensure for a CPA. Modeled after the national UAA, the 150-unit requirement, plus one year of general accounting experience and passage of the national Uniform Certified Public Accounting Examination (CPA exam) was established. That bill also phased out the 120-unit or bachelor’s degree with a minimum of 24 semester units in accounting and 24 semester units in business-related subjects, plus two years of general accounting subjects and passage of the CPA examination.

Today, all 55 American licensing jurisdictions (50 states plus Puerto Rico, the District of Columbia, the U.S. Virgin Islands, Commonwealth of the Northern Mariana Islands, and Guam) require an applicant for a license to meet a 150-credit hour requirement in addition to passing the national licensing examination. Various states, including California require a state-level examination focusing on the laws and regulations of that state. The 150-credit hour requirement equates to a four-year bachelor’s degree with an additional 30-units of education. This has resulted in

candidates completing a bachelor's degree and then taking additional educational coursework somewhere else to make up those 30 units (which do not have to be accounting), or they obtain a master's degree in accounting. The current licensing structure requires the Board to verify that each individual applicant has satisfied the required number of, and types of courses that are required under current law to satisfy the education requirements necessary for licensure.

Pursuant to BPC § 5093, applicants must complete a baccalaureate or higher degree, or foreign equivalency, in any subject, 150 semester units, including:

- 24 semester units of accounting subjects (i.e., accounting, auditing, taxation, financial reporting, financial statement analysis, and external & internal reporting);
- 24 semester units of business-related subjects (i.e., business administration, finance, marketing, economics);
- 20 semester units of accounting study (i.e., independent study or other academic work in accounting, business, ethics, business law, or other academic work relevant to accounting and business to enhance students' competency as practitioners); and
- 10 semester units of ethics study, as prescribed in statute.

Over the past few years, concerns have surfaced from accountancy regulators, employers of CPAs, and those that rely on accounting services of a looming workforce shortage of licensed CPAs. The Association of International Certified Professional Accountants,' 2023 Trends Report, reported a significant decline of individuals on the path to becoming licensed CPAs. It found that since 2016, there has been a 37% decline in the number of candidates taking the CPA exam. An updated trend report is due in the summer of 2025.

As mentioned in an article in the Journal of Accounting Education, *Addressing the Shortage of Accountants: Suggestions for Academe and the Profession*, there are varying reasons for shifts in the professional accountant pipeline. Issues including the soon to retire aging workforce, students finding career potential in professions outside of accounting, a perceived work-life balance gap, and the current educational requirements necessary to obtain a license.

Although there are likely a variety of factors affecting the accountant workforce pipeline, the 150-hour education requirement is often cited as one of the reasons that students are not joining the accountancy track. The Board conducted an analysis of long-term licensing trends in California, which was presented to the Board in November of 2024. Data points from that report noted that 46% of the current licensing population is 50 or above with approximately 17% at or near the average retirement age. The number of applications received and approved by the Board has declined steadily since 2020-21. The conclusion in that report noted, "the long-term trend shows decline in the number of CPA Exam applications received at the CBA, and a decline in the number of applicants who pass the CPA Exam, and these may be leading indicators that the CBA will experience a decline in the



number of licensed, active CPAs in coming years. Additionally, California firms may have a need that exceeds the number of new CPAs entering the profession.”

According to information in a Wall Street Journal article, *New CPA Paths Emerge as States Try to Stem Accountant Shortage*, “States are considering allowing prospective accountants to bypass a fifth year of school, one of the barriers to entry contributing to the shortage of workers in the field...Companies, audit firms, professional groups and some state boards have been looking for ways to make the profession more appealing to students as fewer students graduate with an accounting degree and more workers quit for higher paying, less stressful jobs.”

In 2024, the Board launched a multi-year effort *Students Understanding the Requirements to be a CPA Project* (Sure CPA) which aimed to clarify the education requirements for CPA licensure. As part of the project, the Board conducted a survey in 2024 to gather data about including an alternative pathway to licensure. The survey included respondents from accounting firm partners or hiring managers and licensed CPAs. When asked if a bachelor’s degree in accounting should meet the educational requirements, 89% of the respondents (including college faculty) said “yes”, with 58% of respondents identifying a bachelor’s degree with two years of experience as the preferred pathway. In addition, 63% of future CPAs (mostly students) that were surveyed agreed that modifying the educational requirements would make things easier. As noted in the Board’s *2025 Spring Newsletter*, “The elimination of the 150 total unit requirement addresses the potential barrier to entry into the profession that a costly fifth year of school poses, especially within minority communities. Flexible licensure requirements create opportunities for a more diverse and skilled workforce to enter the profession. Having enough CPAs to meet the high demand for critical financial services in the future is paramount to ensuring consumers have access to competent and ethical CPAs they can trust.”

This bill proposes to revise the current education and experience requirements necessary for a CPA license in California, by replacing the current 150-unit requirement with a 120-unit requirement (a bachelor’s degree) in accounting plus two years of supervised experience. The changes proposed by this bill will eliminate a required 5<sup>th</sup> year of education. However, students will have the option to complete a 5<sup>th</sup> year of education, which then may be eligible to substitute for experience. This bill proposes a phased-in approach, ensuring the CBA has time to develop any necessary regulations, and currently enrolled students are able to complete education programs or experience.

This bill seeks to provide the Board with greater flexibility to determine if an applicant’s education satisfies the degree requirements. As currently drafted, this bill will allow the Board to pre-approve education programs with curriculum that meets the course-specific requirements. This allows the Board to establish through the regulatory process the concentration of accounting courses, which will satisfy the education requirements. These changes may streamline the Board’s application processes, as it will no longer need to verify each applicant’s coursework, although if an applicant’s degree is in a subject other than accounting, the applicant would need to fulfill a specific number of units in accounting-related coursework. This bill also provides the board with authority to determine what type of relevant experience will qualify an applicant for licensure. As currently drafted, experience considered by

the Board may include training programs, certificates, or completion of a masters' degree. Currently, 13 other states have adopted legislation to revise the licensing requirements to the 120-hour unit requirement. There are 14 additional states in the process of considering the changes.

*Mobility for CPAs.* Mobility for CPAs, which is also commonly referred to as a practice privilege, refers to the ability of a licensed CPA to practice in multiple states without obtaining separate licenses in each state. Mobility is predicated on the uniformity of licensing standards across the country coupled with consistency in state boards' enforcement processes. Under mobility, CPAs can generally practice across state lines and provide services through a firm, virtually or in person, based on their existing license without obtaining a new license in each state. Prior to July 1, 2013, licensed CPAs from other states were required to notify the CBA and pay a fee before providing public accounting services in California. SB 1405 (De León, Chapter 411, Statutes of 2012) established California's "mobility law," allowing any CPA whose principal place of business is located outside California and who holds a valid and current license, certificate, or permit to practice public accountancy from another state, to practice public accountancy in California under a practice privilege without giving notice or paying a fee, provided one of the following conditions is met:

- They have continually practiced public accountancy as a CPA under a valid license issued by any state for at least four of the last 10 years.
- They hold a valid license, certificate, or permit to practice public accountancy from a state determined by the CBA to be substantially equivalent to the licensure qualifications under current law (BPC § 5093).
- They possess education, examination, and experience qualifications that have been determined by the CBA to be substantially equivalent to the licensure qualifications in California.

A CPA under mobility practice may only provide services through a firm that is registered with the CBA. SB 1405 provided a sunset date on the mobility program and created the Mobility Stakeholder Group (MSG). The intent of conducting the stakeholder group meetings and the production of a report was for the Legislature, along with other interested stakeholders, to determine whether or not the current practice privilege provisions should remain in place, whether there should be changes to the current provisions, or if the current practice privilege provisions should sunset and the prior notification and fee system should be reinstated. Part of the MSG's mission was to assess whether other states adequately and in a timely manner address enforcement referrals by the CBA; whether other states make disciplinary history publicly available; and, whether the enforcement is appropriate. This was to help ensure that out-of-state license holders who practice in California through licensed firms are subject to similar enforcement authority if any cases should arise, and the CBA has the appropriate authority to address enforcement. As a result of the findings of the MSG, SB 795 (Galgiani, Chapter 447, Statutes of 2017) extended the practice privilege requirements for out-of-state licensees indefinitely allowing out-of-state licensees to practice in California so long as they had met the substantial equivalency requirements.

This bill revises the current practice privilege authorization in California by eliminating the current requirement for the Board to determine that a CPA whose principal place of business is not in California have “substantially equivalency” with educational requirements along with the practice experience, and instead simply accept a license issued in another state as authorization. CPAs practicing in California through the mobility provisions will still be required to be employed through a firm that is registered with the Board. If the Board determines that the CPA license holder is from a state that does not have comparable licensure requirements sufficient to practice through mobility (without obtaining a separate license in California), the Board will require the CPA to meet the following in addition to submitting a notice to the Board and pay a fee:

- Have continually practiced public accountancy as a CPA under a valid license issued by any state for at least four of the last 10 years.
- Have passed the Uniform Certified Public Accounting Examination and completed education that includes a baccalaureate degree or higher with an accounting concentration and at least one year of general accounting experience.

3. **Arguments in Support.** The California Board of Accountancy writes in support, “AB 1175 will provide a simplified, clear, and streamlined pathway to licensure. It will create options to reduce the cost and time needed for education, offer better access for California’s diverse population, and will assist in ensuring California consumers can access the accounting services they need.”

The California Society of CPAs writes in support and notes, “...the modernization approach in AB 1175 has become a model for similar CPA modernization efforts in several other states and its concepts are proposed for inclusion in the Uniform Accountancy Act, a key national guideline that helps inform and support consistent regulation of the CPA profession across states. This positions California as a leader in modernizing CPA licensure—helping shape a new national model, expanding career opportunities for future professionals, and ensuring the state remains competitive in attracting CPA talent while meeting consumer needs.”

The Greater Conejo Valley Chamber of Commerce writes in support, “AB 1175 is a well-considered solution. By creating flexible, affordable, and competency-based pathways to licensure—without weakening consumer protection—it removes unnecessary barriers that currently prevent qualified individuals from entering the profession. These reforms recognize that talent and capability come in many forms and that California’s licensure system should reflect both workforce needs and educational diversity.”

4. **Policy Comments: State Mobility Parity.** One aspect of mobility unique to the accountancy profession nationally is the parity amongst states in licensure and education requirements. The current 150-hour degree and education requirement, coupled with the passage of the national examination is consistent across all 55 licensing jurisdictions. As noted earlier, the shift from 150-hour unit requirements down to 120 unit requirements, plus two years of experience is not yet consistent amongst all of the states. As a result, the implication for California-CPA licensees

who seek to practice under mobility in other states is unknown. Will California licensees have the same benefit to provide services in other states?

**SUPPORT AND OPPOSITION:**

Support:

California Board of Accountancy (Source)  
California Society of Certified Public Accountants  
Greater Conejo Valley Chamber of Commerce

Opposition:

None received

**-- END --**